

## Meeting of the Hudson's Bay Company.

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A General Court of the Governor and Company of Adventurers of England trading into Hudson's Bay was held on Wednesday, March 9th, at the City Terminus Hotel, Cannon Street, the EARL OF LICHFIELD, Deputy Governor, in the chair. There was a good attendance of Proprietors. 1892

The SECRETARY (Mr. W. ARMIT) having read the notice convening the meeting,

The CHAIRMAN said: Gentlemen, I must first of all apologise to you for the absence of the Governor upon this occasion. He is at present in Canada, where he is engaged in looking after your interests. I would also call your attention to the pamphlets which you will observe have been distributed throughout the room. These little pamphlets have been issued by the Manitoba Government, and I am sure you will readily see that if any of you can contrive to dispose of a few of them in suitable directions, the interests of this Company cannot fail to be benefited thereby. The report and draft Charter which have now been in your hands for some time you will, I assume, be willing to take as read. (Hear, hear.) I will proceed then to lay before you the provisions which we have embodied in the draft Supplemental Charter, and which you have all, I hope, received, together with a short report on it from the Board. After passing over the recital part, which occupies several pages, you will find the first new provision, that of the duplication of the shares, is dealt with in paragraphs 1, 2, and 3. Before dealing with those paragraphs I wish to recall to your notice the circumstances which have led up to, and originated, the proposed duplication as now laid before you. In the spring of 1890 a circular was sent out to the Shareholders by Mr. McLean, in which he recommended them to send in their shares to a Trust Company, and to receive in exchange a preferred and deferred certificate for each share so surrendered. The circular held out that considerable advantages would be secured to those who participated in

this scheme, but it did not receive sufficient support, and, consequently, fell to the ground. However, a very considerable amount of shares had been bought by a syndicate in anticipation of this conversion, and no doubt it would have been revived at no distant date had not the Board, thinking that it would be better for the Company that the Proprietors should have an opportunity of making the division for themselves, rather than by an outside Trust Company, resolved to lay the matter before the Shareholders, which was done in their July report of that year. The report, which was dated July 15th, 1890, read as follows :—

“ In conclusion, with reference to the question of converting the shares, the Governor and Committee have “ to state that, having regard to the best interests of the “ Company they continue opposed to any scheme which “ has for its principle the writing up of the capital by “ placing an imaginary value upon the Company’s “ land. But to the principle of duplicating shares, “ recently sanctioned by a Committee of the House “ of Commons, the Board will offer no opposition. “ If therefore, without increasing the capital, the Share-“ holders desire that a plan should be prepared for “ duplicating the shares by the issue of one preferred “ and one deferred share for each ordinary share of “ the Company, the Governor and Committee will be “ prepared to draw up such a scheme, and to take the “ proper steps to obtain the necessary amendments in the “ Charter.”

At that meeting the matter was very fully discussed, many Shareholders taking part in the discussion. In the end Mr. McLean put forward the following resolution :

“ That the Governor and Committee be requested to “ consider the subject of two classes of shares ; and, “ if they approve, to prepare a plan for duplicating the “ shares by the issue of one preferred and one deferred “ share for each ordinary share in the Company, or for “ otherwise converting them ; and to take the proper “ steps with the view of obtaining the necessary amend-“ ments in the Charter, subject to the approval of the “ Shareholders.”

An amendment, however, proposed by another Shareholder, was eventually carried, which read as follows :

“ That the Board be requested to consider the proposal for “ duplicating the shares as put forward by Mr. McLean, “ and to report upon it at the next meeting.”

Acting on the mandate of the Shareholders, as expressed in

the above resolution, the Board carefully considered the whole question, and their next report, dated December 3rd, 1890, was as follows :—

" It will be in the recollection of the Shareholders that at  
 " the General Court of the Company, held on the 15th  
 " July last, the following resolution was adopted, viz.,  
 " ' That the Board be requested to consider the proposi-  
 " tion for duplicating the shares as put forward by Mr.  
 " McLean, and to report upon it at the next meeting.'  
 " The proposition referred to had reference to the  
 " adoption by the Company of the principle embodied  
 " in the Report of the Select Committee of the House of  
 " Commons, dated 13th June, 1890, upon the subject  
 " of the conversion by certain railway companies of  
 " their ordinary stock into preferred and deferred stocks,  
 " at the option of the proprietor. In conformity with  
 " the resolution already referred to, the Board have  
 " carefully considered the question, and have now to  
 " state that they assent to the proposal to give the pro-  
 " prietors the option of duplicating their shares upon  
 " the principle laid down by the Select Committee  
 " of the House of Commons. The Board have been  
 " advised that a Supplemental Charter must be applied  
 " for, in order to give effect to this proposition; they  
 " have accordingly taken steps to ascertain the terms on  
 " which such a Supplemental Charter could be obtained;  
 " and they have at the same time availed themselves of  
 " this opportunity to include in their application to the  
 " Crown authorities certain amendments to the present  
 " Charter. No time has been lost in pressing these  
 " matters forward, and the Board hope shortly to be in  
 " a position to submit the proposed Supplemental Charter  
 " to the Shareholders at a General Court to be held for  
 " the purpose."

At that meeting the Governor stated what the Board proposed with regard to the duplication scheme. These are his words :—

" The Board assent to the proposal to give to the proprietors  
 " the option of duplicating their shares. This would  
 " permit of two classes of shares of equal nominal value,  
 " that is to say, preferred shares bearing interest or  
 " dividend at 4 per cent. cumulative, and deferred  
 " shares, the conversion being optional."

The meeting unanimously endorsed the action of the Board, who had in their Report, as you will remember, alluded to the fact that they were also applying for certain other amend-

ments to the existing charters. With these I will deal later on. Paragraphs 2 and 3 of the proposed Charter carry out exactly the words used by the Governor at the December Meeting in 1890. The important points to bear in mind with reference to this operation, are—1st, that it will be entirely optional ; no Shareholder need duplicate unless he wishes to do so ; 2nd, that it will not increase in any way the capital of the Company, which, as explained in sub-section *f* of paragraph 3 will remain at £1,300,000. Sub-sections *a*, *b*, *c*, *d*, and *e* of paragraph 3 are merely necessary for the proper working out of the new scheme of duplication. We now come to paragraph 4 with its sub-sections dealing with the question of dividends. In this paragraph it is stated that no larger dividend may be declared than that recommended by the Board. This is a provision common with many Companies, and is a safeguard against a motion being sprung on a General Meeting by any Shareholder who may wish to obtain a larger dividend than the one recommended by the Board. It will be obvious to you all, I think, how dangerous such a resolution might be to the Company if carried, without any special knowledge of the Company's financial requirements, such as alone the Board can possess ; and I therefore have no hesitation in advising you to accept it. You will observe of course that the power of declaring any dividend, whether the same or smaller than that recommended by the Board, is still vested in the Shareholders in general meeting. Sub-sections *a*, *b*, and *c* deal with the division of the dividend as between the different classes of shares, and provide (1) that each preferred and deferred share shall together be credited with the same dividend as that paid to the ordinary undivided share ; (2) that as between the preferred and deferred share the former shall be entitled to a cumulative 4 per cent. dividend, and that as regards the remainder of the dividend if any, it shall go, first towards a payment up to 8 per cent. on the deferred share, and after that in equal portions between the preferred and deferred share. Sub-section *d* enables the Board to declare an interim dividend, if in their opinion the position of the Company justifies it. This will be a very useful provision as, up to the present, they have had no power to do so ; and it is quite probable that, before long, the Company may be in such a position, that the Board would feel justified in making use of the power conferred upon them, and in declaring an interim dividend after the results of some of the fur sales are known in the early spring. (Hear, hear.) The provisions contained in paragraph 5, with its sub-

sections *a* and *b*, to which we now come, are very important. They authorise the application of the proceeds of land sales to profit and loss, subject to certain conditions and safeguards, which are as follows:—(*a*) That the Directors must be satisfied before applying the proceeds in this way that the capital of the Company as represented by the assets is intact; (*b*) That when the lands of the Company are reduced to 1,500,000 acres the proceeds of land sales can no longer be applied to profit and loss. The latter of these two conditions is not likely to come into force for very many years to come, and the former is a perfectly reasonable stipulation. The great importance of the powers given to the Company in paragraph 5 will be obvious to all of you, for you must bear in mind that up to the present, the application of the proceeds of land sales to dividend has only been made on the advice of eminent counsel, who advised that it was quite competent for the Company to deal with the proceeds in that way. Paragraph 6 deals with the apportionment of the assets of the Company in the event of winding up. Briefly, the rights of the ordinary shares are not altered, but as regards the divided shares the preferred are entitled to first receive £13 for each share, and the surplus, if any, is to go to the deferred shares. Next as to the provisions for voting in paragraph 7. The present voting power of the ordinary Shareholders is not altered, and it is provided that the holder of preferred and deferred shares shall have the same voting power as if he had not converted, thus the holder of 20 ordinary shares will be entitled to four votes, and under this paragraph the holder of 20 preferred and 20 deferred shares will also be entitled to four votes, in the proportion of three votes for 20 preferred shares, and one vote for 20 deferred shares. A provision has also been inserted in the interests of the individual Shareholders to limit the voting power of any one block of shares held in the same name to 400 votes. I feel convinced you will approve this provision in your own interests, as it will prevent any undue control being obtained over the affairs of the Company by any syndicate or Trust Company who might buy up a large quantity of the shares of the Company. The latter part of the paragraph states that Shareholders who convert their shares shall not be at any disadvantage as to voting, but that if they still hold the converted shares they shall be entitled to vote in respect of them, even though they shall have been converted within six months; always stipulating, however, that the ordinary shares so converted had been held long enough to entitle the owner to vote.

Paragraph 8 is taken from the present Bye Laws and incorporated in this Charter. It refers to the register of members and to the way in which it shall be kept. Under proposed Bye Law No. 2, shortly to be submitted to you, it is proposed to give every Shareholder the right of inspecting and obtaining copies of it. Paragraph 9 provides that joint holders shall register all their shares in the same order of names. This will tend to prevent the provision about the maximum vote in paragraph 7 being eluded by syndicates or trust companies. The next question in the Charter is contained in paragraph 10, and confers on the Company in General Court the power to issue debentures, or debenture bonds or stock, to an amount not exceeding £250,000. This is a power which nearly all companies take to themselves in their Articles of Association, and the Board thought it very desirable that the Hudson's Bay Company should obtain this power. The two important points to bear in mind with regard to this provision are:—  
1st. That it is the Shareholders in General Court and not the Directors that have the power to issue such stock. 2nd. That the Board have no intention of asking the Shareholders for any such issue, but have applied for these powers solely out of regard for the possible future interests of the Company. In paragraph 11 the qualification of the Board is not altered except to extend it to the holders of preferred and deferred shares, and in paragraph 12 power is taken to reduce the number of Directors from nine to seven, if at any time such a course should be considered desirable. Under present powers the Board must always consist of the fixed number of nine Directors. This provision now applied for is a usual one in the Articles of Association of Companies under the Limited Liability Acts, and the Board thought it desirable that this Company should possess it. Under the old Charters the election of Directors had to take place at a General Court to be held in the month of November or December in each year, and as there were no accounts to present at that time, the winter meeting has simply been held for the purpose of electing Directors. This was all very well in former times, when that was the only business to be transacted, as in old days no accounts were presented to the Shareholders. Now, however, the Board are anxious to bring the working of the Company more in harmony with the customs which prevail in other companies, and hence power has been obtained to hold the General Court for the election of Directors in any month of the year most convenient, and this provision will now enable the election of Directors to take place at the same meeting.

at which the accounts of the Company are presented, which is manifestly the proper time for the election, and in accordance with modern usage. We feel confident you will approve this provision. I have now dealt with all the provisions in the proposed Charter, and with your permission will ask you to be good enough to follow me while I explain briefly the proposed alterations in the Bye Laws, which are covered by the second resolution in the notice. These are entirely confined to two forms of alterations : (1) Those necessitated to bring the Bye Laws in conformity with the contents of the proposed Supplemental Charter ; (2) The introduction of a new Bye Law giving Shareholders the power of inspecting the Register of Members. We have purposely not made any attempt to alter or amend any of the other Bye Laws, because we are convinced the Company can work with them very well as they are at present constituted, and also because we were anxious that the business at this meeting should be confined as nearly as possible to the consideration of the proposed Charter, and to the alterations necessary in the Bye Laws if the Charter is agreed to. Going through them *seriatim*, No. 1 is altered to make it read in conformity with present circumstances. No. 2 is incorporated in the new Charter, and therefore unnecessary. In lieu thereof, we have substituted a new Bye Law relating to the inspection of the Register of Members, and bringing the practice of this Company in conformity with that of other companies working under the Limited Liability Acts. Then the old Bye Laws Nos. 12 and 22 are to be revoked and a new one adopted which incorporates to some extent the provisions of the two to be revoked, and which will enable the election of Directors and the annual statement of accounts to be dealt with at the same meeting. And finally it is proposed to revoke Bye Laws 4, 11, 27, and 30. The matters contained in these Bye Laws are all incorporated in the proposed Charter, either in the same form or with some alterations, and therefore these Bye Laws will be either unnecessary or inconsistent with the new Charter, and can therefore be dropped. I have now, gentlemen, explained to you to the best of my ability the nature and terms of the proposals which we have brought before you, and nothing more remains for me to do but to move formally the first resolution, which, therefore, I now do. (Hear, hear.)

1. That the Governor and Committee be and are hereby authorised to accept a Supplemental Charter in the form now submitted to the General Court of the Company with such modifications (if any) that may be imposed by the Crown and sanctioned by the Governor and Committee.

Mr. T. R. GRANT seconded the resolution.

Mr. SUMNER : I beg to move, Sir, as an amendment to and substitution for the resolution No. 1, proposed by the Directors, the following resolutions, viz. :—“That having “regard to the fundamental alteration in the constitution of “the Company, proposed by the Governor and Committee “in the tenth clause or article of the proposed form of “Supplemental Charter, and to the fact that the Directors “admit in the following paragraph of their special Report in “reference to the said proposed Supplemental Charter, that “the only instructions they had received from the Share-“holders in reference to ascertaining the terms on which “the Crown authorities would grant the proprietors the “option to duplicate their shares, and also having regard to “the fact that the Shareholders have never had the “opportunity afforded them by the Directors of considering “and discussing the aforesaid proposed fundamental altera-“tion in the constitution of the Company, nor the purposes “and objects for and with which the same has now been put “forward for the first time by the Chairman and Directors, “It is resolved by this meeting of Shareholders as follows : “‘That the Governor and Committee be and are hereby “authorised to accept a Supplemental Charter according to “and within the limits of the instructions of the Share-“holders as mentioned in the first part of the first paragraph “of the Special Report of the Directors in reference to the “proposed Supplemental Charter, and not further or other-“wise ; (2.) That if necessary, such alterations be made in “the form of the proposed Supplemental Charter, now for “the first time submitted to the Shareholders in the Com-“pany, as will make the same accord with and conformable “to the aforesaid instructions of the Shareholders referred “to in the aforesaid substituted resolution No. 1 ; (3.) That “this meeting of Shareholders declares that it is inexpedient “and would be ruinous to the interests of the Shareholders “to make any such proposed alteration in the condition of the “Company such as that contemplated by the tenth clause or “article of the proposed Supplemental Charter.’” Now, gentle-“men, you will remember probably that Mr. McLean was not in accord with the Directors when he complained some time ago of the fact that although they were in possession of a capital invested in their trading business of £400,000 or £500,000 they could not pay any dividend. Mr. McLean then asserted and contended that the Company should call in the capital and distribute it among the Shareholders. That of course has not been done, but I fear that the object with which

this tenth clause of the proposed Supplemental Charter has been introduced is for the purpose of creating a buffer between the Shareholders and the realisation of our properties, because if the Company raised £250,000 by the mortgage of property, the power over it will then virtually pass over to the mortgagees, and you yourselves will be able to do nothing—your hands will be tied. And supposing the Company goes from bad to worse, it would then be unable to provide the 4 per cent. interest on this mortgage, with the result that the mortgagees would then come into possession, in which case I should like to know what will be the value of the shares. I say, accordingly, that this is a most dangerous proposal to bring forward in this way before the Shareholders have had a chance of properly considering and discussing it. It has, it seems to me, been absolutely sprung upon us at the eleventh hour, and as the holder of a large number of shares in the Company, I feel called upon to raise a most emphatic protest against the policy of the Board in this matter. I am simply an individual Shareholder, and have acted on my own initiative and not in collusion with any other Shareholders, but I hope that some gentleman here will second this amendment, in order that so important a question may be thoroughly considered before it is decided upon. It is extremely important to bear in mind that this is the only opportunity which we shall have of discussing the question, and I earnestly trust that the subject will receive the consideration and thought which it deserves before anything is definitely decided this afternoon. (Hear, hear.)

Mr. FRANCIS : As no one else seems inclined to do so I shall be very pleased to second the amendment, though I do not agree with all of it. I certainly think, however, with the honourable proposer, that the clause in question, No. 10, is one which it would not be at all wise on our part to adopt.

The CHAIRMAN : So far as I could gather from the remarks of the mover of the amendment, I understood him to take exception chiefly to clause 10 of the proposed Supplemental Charter, under which it is sought to obtain powers to raise and borrow money on debentures or debenture stock. I must say I had hoped that the proprietors would have understood from what I said in my opening remarks that the Directors have no sort of idea of asking you to issue these debentures, but that the power in question was one which is embodied in the Articles of Association of nearly every Company, and that we had introduced it into the terms of the proposed new Charter, merely because it seemed desirable,

while we were about it, to obtain powers for the Hudson's Bay Company which are possessed by nearly every other Company, although as I said, it is not in any way our intention to ask you to make use of them at present. They are to be acquired merely with a view to the future, and to possible emergencies which might arise in times to come, when the Company might find it desirable to exercise the powers which the clause would give us. (Hear, hear.)

Mr. SPENS : For my part I must say I am never opposed to the Company acquiring powers, the use of which is contingent upon the proprietors themselves giving their assent, and I should just like to point out in this connection that the honourable proposer who has raised the objection has overlooked the fact that the power in question is one which is to be exercised not by the Directors, but by the Shareholders themselves. It will be for us to say, and not for the Board, whether or not at any future date debentures are to be issued under this clause, and I venture therefore to hope that this meeting will say they see no objection whatever to our Company obtaining the same power in the question under consideration as is possessed it seems by nearly all other companies, a power which we can exercise or not, as we think fit, and of which we alone are to be the judges as to whether or not it shall be put in force. (Hear, hear.)

Mr. MCLEAN : I think, my Lord, you have given us to-day a very clear summary of the terms and provisions of the Supplemental Charter which you asked us to assent to. Perhaps, however, you would not object if I take the liberty to correct you upon one point in reference to what may be called the history of the matter. You said, if I heard aright, that the beginning of this matter was a circular issued by myself in 1890. Now, my Lord, that was not the beginning of the movement. The movement had its beginning long before that time, when a proposal was made that the Company should divide its shares, and it was only when we found that it was impossible to get the Company to divide the shares that the step was taken to which you have made reference. (Cries of "speak to the amendment.")

Mr. LEMON : Is the speaker addressing himself now to the amendment, my Lord ?

The CHAIRMAN : Well, I am afraid he is not. I think we should endeavour to dispose first of this amendment, and then any further remarks of a more general character may be made afterwards. (Hear, hear !)

Mr. MCLEAN : As to the amendment, all I have to say is that I am opposed to it. (Hear, hear !) I think it is well that

the Company should possess the powers which the clause in question seeks to obtain, and therefore I am against any attempts being made to prevent us from obtaining that power. (Hear, hear !)

The CHAIRMAN : As no one else appears to wish to address the meeting, I would put the amendment to the vote. As it is rather long, and not very easy to understand, perhaps the honourable proprietor, the mover of it, would not object if I put the sense of it rather than the exact words,—namely, that section 10 of the proposed Supplemental Charter be omitted.

Mr. SUMNER : I should prefer to have it put in my own words if you have no objection. It is in fact really essential to do this, seeing that if you strike out clause 10 there are other alterations which it would be necessary to make consequent upon your doing this.

Dr. FRESHFIELD (Solicitor to the Company) : That is not so, sir ; the clause stands by itself.

The CHAIRMAN : May I put it then in the form I suggested ?

Mr. SUMNER ; Really, sir, if you have no objection, I should prefer you to put it in the form in which I moved it. (Cries of "Oh" and "withdraw.") It is, I think, for one thing, very important that it should be put in this form, in order that it may embody the declaration of the Shareholders that the clause in question which I seek to remove would, if carried into effect, be ruinous to the interests of the Company. (Renewed cries of "Oh, oh," and "put the motion.")

Mr. FRANCIS : I must say I am inclined to give my support to the amendment which has been moved. You must recollect that this is not a limited Company and never has been a limited Company, but, to take this form would be unquestionably to turn it into such a Company, and that is just what we do not want. We have our capital at present, but if you permit this clause to pass and money is raised under it in the manner proposed, you would find very soon that all your capital would be swept away into the hands of mortgagees who would always rise up before you. The latter, in short, would be a perpetual thorn in your side as against dividend. You may mark my word that if you allow this clause to pass, the value of your shares would be ruined, and I venture to say that the moment the fact that this has been done gets known on the Stock Exchange, from that moment the value of your shares would go steadily down.

Mr. LOMAS : As I understand him, one of the principal objections which the mover of the amendment has to the

resolution is, that it proposes that the Shareholders should give up their power in the matter and hand it over to the Board, and so far I am bound to say that I entirely agree with him. (Cries of "No.") Well, all I know is, that if the Board came before us and told us that in their opinion it was necessary in the interests of the Company to issue these debentures, the Shareholders would not refuse their assent. For my own part, I should object very strongly to putting this power in the hands of the Directors.

Mr. SPENS : The last speaker is quite mistaken in supposing that this power is asked for by the Directors. All they are asking, and all the clause in question says, is that we ourselves, the Shareholders, and not the Board, should have power to issue these debentures at any future time it may seem advisable to us to do so.

The CHAIRMAN : I will now put the amendment, namely, "that the proprietors disagree with Clause 10 of the proposed Supplemental Charter and desire that it be omitted." Does anyone second that? I understand that Mr. Francis proposes to do so.

Mr. FRANCIS : No, sir, I have not seconded any such amendment. (Laughter.) I want to have a little information first of all. I want to know whether you have power to convert this concern into a limited liability company.

Dr. FRESHFIELD : This is a limited company already.

Mr. FRANCIS : Have you special powers of sale—sale of the whole concern?

The CHAIRMAN : I think I must ask the honourable proprietor to confine himself for the present to the amendment which is before the meeting.

Mr. FRANCIS : I think we have a great deal too much capital already.

The CHAIRMAN : Do you second the amendment? (Laughter.)

Mr. FRANCIS : Yes.

The CHAIRMAN : Well, that is something at last. I will now put it to the meeting. It is proposed and seconded "That clause 10 of the proposed Supplemental Charter be omitted."

Upon a show of hands only three proprietors supported the amendment, the remainder being against it. The amendment was therefore lost.

Mr. MCLEAN : I have given a good deal of consideration to the charter which has been laid before us, and I have for a long time past been pretty well in touch with a large body of shareholders, and I have no hesitation in giving it as my

opinion that the Charter which has been committed to us is a most satisfactory Charter and one which carries out our wishes nearly as far as we could expect. I believe, however, it is capable of improvement as regards one or two of its conditions, and I am hopeful that you may see your way to consider favourably one or two of these propositions. I notice that in the report which is submitted to us to-day, the Directors express the belief that the operation of the Charter will prove beneficial to the Company, and that they therefore recommend it to you for your adoption. To this all I can say on behalf of myself and on behalf of my friends is that we entirely share the belief of the Board, and join most heartily in the recommendation. We believe that it is advantageous to the Company that its shares should be divided. There are many reasons which induce us to believe this. In the first place, we think it will steady the shares in the market to have them divided into two, and prevent those fluctuations which sometimes cause such loss and inconvenience to Shareholders. Then we think it will be the means of introducing into the Company two different classes of Shareholders—one class consisting of the steady investors, who will take the preferred shares, the other class of those who are not so desirous of a steady and immediate income, but of an investment likely to increase in value as time goes on—who will take the deferred shares. Now, Sir, it is most important that we should have clearly in our mind what effect this division of our shares is likely to have in the future. So far as the past of the Company can be of any service to us in arriving at a sound conclusion upon this point, it is necessary to go back and examine the progress of the Company for 10 years. The past 10 years gives us, I believe, a fair criterion of the dividends which, in the immediate future, we may expect to earn on our preferred and deferred shares. I find that our revenues for the past 10 years from the trading alone, our divisible revenues I mean, were £535,976. I also find that during the past 10 years we have divided from the sales of our lands £460,384, making a total of £996,360 divided by the Company during the past 10 years. If the preferred and deferred shares had existed in the form which it is now proposed to adopt, during the past 10 years, the preferred shares would have had a regular dividend of 4 per cent. and the deferred shares would have had enough left to pay a  $3\frac{1}{2}$  per cent. dividend. With regard to the period which I have taken, I say it is the only fair criterion—this 10 years, because it is only during this time that we have divided any money as

dividend from sales of land. To this it may be said that those 10 years are unfair, inasmuch as they include the land boom of 1882-1884. That is perfectly true, and undoubtedly we enjoyed the advantage of an exceptional revenue from the land during these 10 years; but it should also be borne in mind that this period includes also the exceptionally bad years which followed those prosperous years, so that I think we may fairly say that the one set neutralises the other. Therefore it seems to me that if we judge of the future by the immediate past, we may fairly take it that we have in the preferred shares a good investment at 4 per cent., and in the deferred shares an investment which will give us an average return somewhere between  $3\frac{1}{2}$  and 5 per cent. Of course as time goes on and the North West becomes more and more opened up, and the population overspreads it in a far greater degree than hitherto it has done, our land will become immeasurably increased in value, and our sales will increase enormously in value, with the result of course that the dividends yielded by our shares will be proportionately increased. In this connection, I think it is well to call the attention of the Directors to a statement made by Dr. Giffen, in which he said that there was only 5 per cent. of the land left in the United States which was suitable for settlement. If, therefore, that is the case, I ask in return, when the United States is full, and offers no more room for the settler, can the Anglo-Saxon rule find outlet for its colonists in any land beneath the British flag save in Manitoba and the North West? I said there were one or two points upon which I thought the Charter was capable of improvement. I should like to state them. I have given notice of amendments in regard to them, but my desire is that we should, if possible, be unanimous to-day, and dispose of the matter without amendments, but I think you will agree with me that some explanation is required from the Board in regard to one matter upon which I am about to speak. In the first place, I think our Charter would be capable of improvement by altering it so as to enable us as a Company to sell our land for shares, as is now done by the Canada North West Land Co. In the second place it would be an improvement, I think, to arrange that if a certain proportion of our shares are divided, *ipso facto*, the remaining shares should be divided also. In regard to the first of these points, namely, that we should sell our land for shares, let me point out to you what I have just said in passing, that this is a provision enjoyed and acted upon by the Canada

North West Land Co. It was not, I may say, originally in the power of the Company to do this; in the original articles they had no such power. They sold the land for money as we do at present, but, conceiving that it would be a great advantage to be able to sell the land for shares, they took the trouble to go to Parliament for an Act, and from Parliament they obtained the power which they sought, and upon that power they have acted ever since. I turn to the effects which have followed this action of theirs, and I find that last year the Canada North West Land Co. did immeasurably better than any other land company in Canada. Last year they sold 45,215 acres, and they did this at a comparatively small expenditure, whereas the Hudson's Bay Co. sold 17,000 acres at an immense expenditure. That is to say, a much smaller company with a much smaller acreage of land, did a much larger business with much less expense. The reason for this is obvious to my mind. The Canada North West Land Co. say in effect, through their advertisements: "Don't go and buy Hudson's Bay Co. "lands, we can sell you the same lands in a much more "favourable manner. You can go to the Stock Exchange and "buy our shares at £3 10s., and we will take it back from "you in exchange for land and reckon it at £4 15s." That is the way in which the Canada North West Land Co. does it. They sell their land and reduce their capital at the same time; and I must say I fail completely to see why this Company should not be enabled to do the same thing and be enabled to sell our Land like the Canada North West Land Co. by holding out similar privileges to purchasers. I have no doubt there is some reason for it, and I am making these observations in order that I may afford an opportunity to Mr. Skinner, who sits on the Board of both companies, to explain what that reason is. I have no doubt that Mr. Skinner will explain why it is he supports one policy in one case, and a different policy in ours. It may be said in objection that it would be very difficult to get such a clause as would be necessary to enable us to do this with the present Charter. I reply to that that there would be no difficulty at all, since Parliament could not refuse to grant to us what has already been granted to another land company, especially seeing that the change in question is entirely one relating to the internal administration of the Company, and in no way affecting the interests of the general public. Then it will perhaps be objected that the provision in itself would not be a good one, so that I point out that I do not propose to make it compulsory upon buyers

of our lands to pay for them in this way, but to leave the matter entirely at their option. All I ask is, that the power which is at present possessed and exercised in this respect by the Canada North West Land Co. should be obtained for this Company also ; just in the same way as it is proposed in the present Supplementary Charter to obtain powers to issue debentures at any future date, should we deem it desirable to do so, without in any way binding ourselves to the issue of these same debentures should we think it not desirable to do so. With the many other provisions in the Charter I may say that I entirely agree. I confess I do not entertain the fears which I have heard expressed by some Shareholders that, because the place of business is not distinctly stated in the Charter therefore it is possible that the whole Company may be moved bodily to Canada. (Laughter.) I have heard others arguing that the preferred shares ought to have a larger voting power. I am satisfied, for my own part, that, the time will come when the deferred shares will be more valuable than the preferred shares, and therefore it may be needful to consider in the future if the deferred shares should not have equal power with the preferred shares, if not greater, but, for the present, I am quite content that the latter should have the preponderance. I feel satisfied that when this conversion is made, it will be greatly to the benefit of all the Shareholders. I shall certainly divide my own shares. I also infer, my lord, that this division of shares can be made by any shareholder without cost, seeing that no mention of any cost being involved is mentioned in the Charter. For the present, I will refrain from moving the amendment of which I have given notice, in the hope that the explanations which may be given in regard to the subject I have raised, namely, the desirability of our obtaining powers to sell land in exchange for shares, may prove satisfactory, and thus render it unnecessary. (Cheers.)

The CHAIRMAN : Gentlemen, you will no doubt expect a few observations from me in reply to Mr. McLean's remarks. With regard to his main proposal that the Company should obtain powers to sell land for shares, it is a proposal which we cannot recommend you to adopt. (Hear, hear.) It would work in an opposite direction to the powers of the Charter, the result of which would be that your dividends would suffer ; while, in addition, there would be the expenses, taxes, &c., of the land department to meet, amounting to some £15,000 a year, which would have to be paid in cash. The only other land company I know of which has

adopted this plan is the Canada North West Land Company, and as to that Company's experience, Sir Donald Smith, our Governor, who is also as you know a director of the Canada North West Land Company, stated at our last meeting that if that Company had to begin over again it would not adopt this system which Mr. McLean now wishes us to adopt. Therefore I do not think the slightest encouragement is to be obtained from the experience of the Canada North West Land Company in regard to this matter, and so far as we are concerned, I have not the slightest hesitation in saying that the Board are of the opinion of Sir Donald Smith, and adhere to the attitude which he took up on this question at our last meeting.

Mr. MCLEAN : If what Sir Donald says is true, why do not the Canada North West Land Company give up the system ? (Hear, hear.)

The CHAIRMAN : With regard to the other proposition, making it compulsory after a certain number of shares had been divided for the remainder to be converted also, I have only to say that to make such a provision as that would be entirely inconsistent with the other provisions of the Charter, which expressly declare that it shall be optional on the part of each Shareholder to convert or not, as he thinks best. (Hear, hear.) I may say further with regard to these two points, that we laid both the propositions before our legal advisers, who have informed us that these proposals are radical in character, and therefore entirely beyond the scope of the Charter applied for, and that if we inserted clauses into the Charter proposing to carry them into effect, we should almost certainly meet with a refusal from the Crown authorities. At any rate they would put such a different face upon the matter that it would be needful for us to make an entirely fresh application, and in this way to sacrifice the whole of the time—upwards of eighteen months—and labour which have been expended in securing the acceptance of the present Charter. Unless therefore you mean to abandon the present Charter, the Board strongly advise that you make no attempts in the directions desired by Mr. McLean. (Cheers.)

Mr. SPENS : I am glad that Mr. McLean does not intend to press his amendment. I am bound to say that as far as I am concerned I am inclined to accept with gratitude the work of the Board. It seems to me that the proposals they have laid before us are eminently reasonable and satisfactory. I am sure that the time and trouble and anxiety involved in

preparing the scheme must have been very great indeed, and I think we should prove ourselves singularly ungrateful if we attempted, in the manner proposed by Mr. McLean, to get anything more from them now. (Hear, hear.) I quite agree with Mr. McLean that it would be desirable to have the great bulk of the shares converted, but I myself am such a believer in conversion, that I am sure the wisdom and desirability of it will become generally apparent, and therefore that the great bulk of the shares will be converted. In regard to the proposal that shares should be taken by us in exchange for land, I confess I look forward to a time when that matter would be placed upon a better footing than at present. I beg to thank you, my lord, and your fellow directors for the trouble which you have taken in bringing your negotiations to so successful a termination, and I earnestly ask my fellow Shareholders to unite with me in accepting and sanctioning a very beneficial improvement. (Hear, hear.)

The CHAIRMAN : I will now put the resolution, which has already been seconded.

The resolution was agreed to with one dissentient.

The CHAIRMAN : I next have to move the second resolution, namely :

2. That from and immediately after the date of the grant of the Supplemental Charter the Bye Laws of the Company, numbered 1, 2, 4, 11, 12, 22, 27, and 30, be revoked, and cease to have effect. The court will also be asked to consider, and, if thought fit, to ordain that from and after the date of the grant of the said Supplemental Charter the New Bye-Laws (copies of which are hereto subjoined), with or without such modifications (if any) as the court may think fit, be added to and form part of the Bye Laws of the Company.

Words and expressions used in the Charter have the same meaning in the following Bye Laws, unless there is something in the subject or context inconsistent therewith.

The Register of Members, provided by the last Supplemental Charter, shall be open to the inspection of any Member during business hours, but subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each day be appointed for inspection; and any Member may require a copy of such Register, or any part thereof, on payment previously of sixpence for every hundred words required to be copied.

The Accounts of the Company shall be made up, stated and balanced, and audited to the 31st day of May, or such other date each year as may be found convenient, and printed copies of the Statement of Accounts and Balance-Sheet shall be sent to the Members at least seven days previous to the General Court at which the Statement of Accounts and Balance-Sheet are submitted.

Mr. THOS. SKINNER seconded the resolution, which was carried unanimously.

The CHAIRMAN : Having passed the two resolutions, I should just like to mention one point upon which it is possible that Shareholders may go astray. Mr. McLean said in the course of his remarks that in the absence of any statement to the contrary in the Report he should conclude that all the members of the Board would convert their shares. I would just like to say, in reference to this conversion, the position of the Board is this, that the matter is essentially one for the shareholders themselves to decide, and that if you come to us for advice on the subject we should not give it you, but should advise you to go and consult your broker or your bankers. Individually, we may convert, but collectively we should not give any advice on the subject whatever.

Mr. McLEAN : I think it is due to the Board that we should express our special thanks to them for the care and trouble they have taken on our behalf. It may be my fortune, or misfortune, to contend with our Board upon occasions, and I am glad, therefore, now that I am in agreement with them, to say so. In this connection I would like to say a word in regard to what I felt it my duty to say at our last meeting in reference to the Governor, and the large number of boards upon which he sat as a director in addition to our own. I am very glad upon this occasion to congratulate Sir Donald Smith upon the manner in which he has taken my remarks to heart, for whereas at the time I spoke he was a director of a very large number of other companies, I see, from the new edition of the *Directory of Directors*, that he is now director of only half of them.

The CHAIRMAN : I think it is highly probable in point of fact that Sir Donald had withdrawn from the companies in question before your remarks, Mr. McLean.

The proceedings then terminated with a vote of thanks to the Chairman and Directors, which was suitably acknowledged by the Deputy Governor.

LONDON:  
SIR JOSEPH CAUSTON & SONS. Limited  
9, Eastcheap, E.C.

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1903